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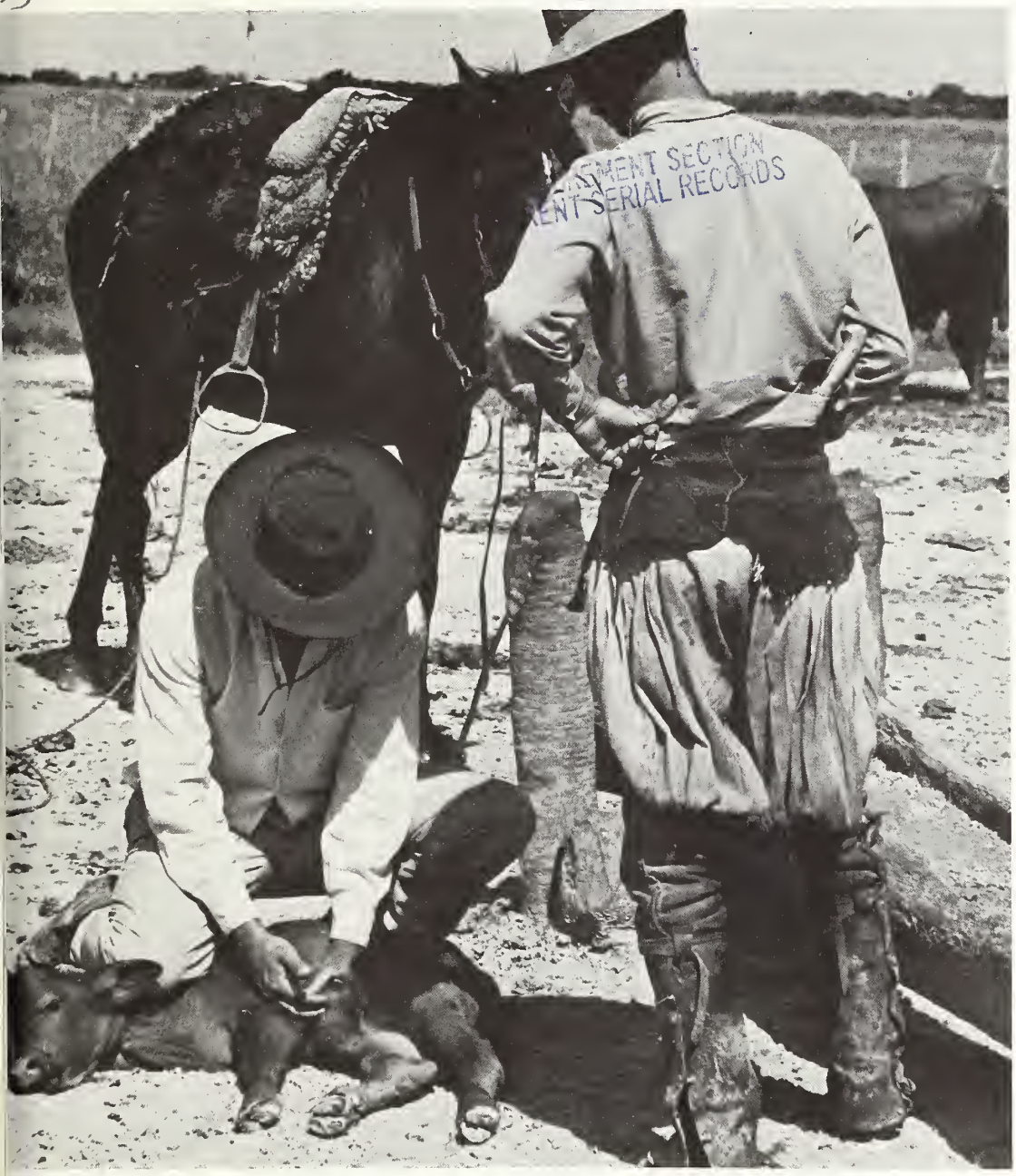

aguayan gauchos.

January 13, 1975

World Oil Supplies in 1975

Paraguay's Farm Exports

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

FOREIGN AGRICULTURE

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Gauchos treating a calf in the Chaco region of Paraguay. See article beginning on page 10.

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U.S. Soybean Shortfall Reduces World's Oil Supplies for 1975

By ALAN E. HOLZ
Foreign Commodity Analysis, Oilseeds and Products
Foreign Agricultural Service

HELD IN CHECK by the U.S. soybean crop shortfall of 1974, the world's output of fats and oils in 1975 is forecast to be 2 percent below last year's record level. Tighter supplies will mean that vegetable oil prices are likely to stay near current high levels and that consumers may need to tighten their belts a notch—even if supplies are augmented by a U.S. stocks drawdown.

For 1975, global production of fats and oils is set at 44.4 million tons, against the updated 1974 estimate of 45.4 million tons. Virtually all of the decline reflects reduced output of U.S. soybean oil—down by about 1.5 million tons—although smaller sunflowerseed oil outturns in Eastern Europe and the Soviet Union also contributed. The slump in soybean oil output alone is larger than the million-ton decline estimated for all fats and oils combined.

World oil production[1] estimates are based on crop outturns in the Northern Hemisphere during last-half 1974, coupled with crops yet to be harvested in Southern Hemisphere countries in the first half of 1975.

The forecast includes these assumptions:

• The U.S. soybean crop in 1974 totals 1.244 million bushels (November estimate)—down 1.46 million tons, oil basis, from 1973's record output.

• Brazil's soybean crop, to be harvested in the spring of 1975, is forecast at 8.5 million tons, which would provide 240,000 more tons of oil than 1974's large crop.

• Philippine copra output in 1975 at 1.8 million tons would yield 200,000 tons of oil over the previous year's reduced output.

• World palm oil production of 2.7 million tons this year will add 200,000 tons of oil to last year's volume.

• The 1974 Soviet sunflowerseed crop at 6.75 million tons is 240,000 tons, oil basis, below the previous year's record.

• Peanut crop recoveries in 1974 in Nigeria and Senegal will push oil supplies up 250,000 tons over the reduced output of the preceding year.

In the United States, fats and oils production in 1975 is forecast at 10.6 million tons—1.7 million below last year's historic high. The decline is about equivalent to the increase in 1974—which resulted from the outstanding 1973 soybean crop. This year, U.S. oil output could account for only 24 percent of the world's production, compared with the record high of 27 percent last year.

"Despite the soybean crop turndown, U.S. oil exports seem headed for the second largest volume on record. U.S. exports (in 1975) are forecast at 4.8 million tons, oil basis—470,000 tons below the alltime high of 1974."

In foreign countries, 1975 fats and oils production is forecast at 33.8 million tons—a gain of just 700,000 tons, compared with the 1.9-million-ton rise in 1973. In contrast with last year, the potential increase will occur largely in oil-exporting countries such as the Philippines and Malaysia. Last year's gain was centered in countries such as the Soviet Union and India, which are of less significance commercially.

World exports of fats and oils in 1975 are forecast at 14.1 million tons—an increase of 880,000 tons, after stagnating for 2 years at roughly 13.2 million tons. The expected rise will stem largely from expanded Brazilian exports of soybeans and oil, a sharp recovery in Philippine copra output,

[1] **Based on data compiled as of December 10. Oil production data are calculated from assumed oil extraction rates, applied to the portion of each crop that is available for crushing and/or export and not on actual crushings. Data include vegetable, animal, and marine oils and fats.**

continued expansion of Malaysian palm oil, and expected recovery in shipments of peanuts and oil from Nigeria and Senegal.

Despite the soybean crop turndown, U.S. exports of fats and oils seem headed for the second largest volume on record. U.S. exports are forecast at 4.8 million tons, oil basis, 470,000 tons below the alltime high of 1974. Virtually all of the falloff reflects reduced movements of soybeans and oil, but the decline is, of course, a result of lower supplies, rather than a lack of market vigor.

Because of the banner 1973 soybean crop, U.S. stocks of beans and oil carried forward into 1974-75 advanced by 640,000 tons, oil basis. In effect, this indicates that world oil consumption last year was probably in the neighborhood of 44.8 million tons—640,000 less than the world output.

In 1975, world production of 44.41 million tons plus a potential 640,000-ton U.S. stock drawdown will boost world oil availability to about 45.1 million tons—an increase of 300,000 tons or 0.7 percent over last year. The 0.7 percent increase is significantly below the normal 2 percent growth in world population, however, so that per capita, world oil availability in 1975 will decline slightly.

As a result, oil available for consumption will be pinched somewhat in 1975. Oil available for foreign use (their own production plus net U.S. exports) is projected at 37.8 million tons—only 150,000 tons above 1974's volume. This volume of supplies assumes that U.S. stocks of soybeans and oil will be drawn down to the low levels of late 1973. But most of the belt tightening is expected to be in the United States, rather than abroad.

During the past decade, foreign countries have increased their oil consumption by an average of about 3 percent or 900,000 tons a year—well ahead of population growth. At today's prices, however, and with the cloudy economic picture, foreign consumers may chose to slacken their consumption somewhat. About a fourth of the growth in foreign oil consumption has stemmed from expanded U.S. exports.

Since 1973, a number of changes have occurred that could influence future oil production and consumption, as well as market prices.

First, consumer demand for vegetable

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SOYBEANS—WHAT TO LOOK FOR IN 1975

Throughout 1975, a number of market factors are expected to both act and react with each other to influence the price, output, consumption, and exports of U.S. soybeans and their products. Key indicators that will bear close watching in the year ahead include the following:

- A new tax year is just ahead for many U.S. farmers, which may losen up the rate of soybean marketings to some extent—a somewhat bearish sign.

- The next U.S. crop report, to be issued on January 16, will provide a better indication of what the 1974 soybean crop actually was. The sequence of previous reports has shown a progressive decline—any further significant decline would be bullish.

- Along about January 22, a first indication of acreage U.S. farmers intend to plant to soybeans should be available. Any significant decline in acreage intentions could be bullish.

- The U.S. "Stocks in All Positions" report to be issued on January 24 will indicate how many beans are available and how many yet remain on farms—any substantial loss of visible supplies or smaller than expected farmer holdings would be bullish.

- Even with no increase in 1975-crop U.S. soybean acreage, production can be expected to increase by about one-fifth—a bearish sign—if yields resume a trendline pattern in line with the past decade.

- The severity of the U.S. winter, as well as temperatures in Europe, could change meal feeding rates to some extent. Below-average temperatures would stimulate feeding rates—a bullish sign.

- Sometime toward the end of February or early March at the earliest Peru is expected to resume fishing—its failure to do this would be bullish.

- The March 15 U.S. planting intentions will be a significant market factor. Any substantial increase from January intentions would be, of course, a bearish sign.

- Throughout the next few months, domestic market uptake for meal and oil will be significant market factors. If U.S. crushing appears likely to fall short of the official forecast it would be bearish, unless offset by a larger than expected flow of soybean exports.

- Prospective growing conditions and developments of the 1975 Brazilian soybean crop, to be harvested in April-May of 1975, could be a significant market factor. Any indication of substantial expansion over and above the current volume of 8.5 million tons or 312 million bushels would be bearish. Any interruption in Brazilian exports or restoration of export licensing could be short-term bullish, but longer term bearish.

- Prospects for meal demand growth are dim in traditional U.S. export markets of Japan and Western Europe, reflecting poor livestock and poultry producer profitability. Also, disposable personal incomes are reduced due to adverse economic conditions and accelerated inflation rates. Indications of any slackening of demand as indicated by the official USDA export forecast would be bearish, unless it reflected a downward adjustment in U.S. supplies.

- There has been a wide disparity between the official USDA export forecasts of soybeans and products and the outstanding export sales contracts, plus actual movements to date. The bulk of this disparity appears to be concentrated in a few West European countries. The outstanding export sales data would indicate phenomenal growth in movements to these countries. To the extent that export sales contracts influence the market, any significant evaporation of these contracts might be considered somewhat bearish.

- The rate of growth and timing of export expansion in Philippine coconut oil and Malaysian palm oil could result in a significant increase in U.S. imports of these products in 1975. Prolonged sharp discounts for palm and coconut oil, relative to soybean oil, could be a moderating factor in determining oil prices and/or the U.S. soybean crush.

—By Alan E. Holz, FAS

Corn area may rise

Argentina's Hopes for Bumper Wheat Crop Dashed by Drought

ENCOURAGED BY higher prices, Argentine farmers expanded their wheat acreage by 20 percent in 1974-75, only to have their hopes for an abundant harvest dashed by the severe drought that blanketed grain-producing areas of southern Buenos Aires Province during the growing season.

Latest estimates from trade sources indicate that the drought has offset all of the anticipated production gains, so that wheat output could fall below 5 million metric tons (including Durum), compared with the 6.6 million harvested in 1973-74. Wheat acreage in 1974-75 is estimated by Argentina's Government to be 12.7 million acres, against 10.5 million planted in 1973.

In spite of production declines, exportable supplies of Agrentine wheat in the 1974-75 marketing year (December 1-November 30) could be about the same or slightly higher than those in 1973-74, but well below the outstanding 3 million tons that moved out during 1972-73. Wheat exports this year are likely to reach 1.7 million tons, however, but around 800,000 tons of the total will be from last year's crop.

Shipments of wheat last season were much slower than in previous years. For the December 1973-September 1974 period wheat movements were 70 percent below the like period a year earlier. The first shipment of wheat from the 1973 harvest was not made until May 1974 by the National Grain Board—the sole buyer and seller—reflecting the Board's cautious efforts to prevent overcommitments.

As a result of drought conditions, a higher proportion of wheat and other "winter" grain crops will be grazed than is usual. Some producers felt that yields were too low to harvest crops and turned cattle into their fields. In some drought areas, plantings were only about half of the normal size as the November harvest approached. Although rains finally came, they were thought to be too late to improve the outturn of the crop significantly.

Argentina's Durum crop was also adversely affected by the drought, as were other "winter" grains—rye, barley, and oats. Output of Durum, which accounted for about 8 percent of wheat planted, could total about 450,000 tons, just above last year's output.

"Since reduced U.S. production of corn and sorghum has increased demand for Argentine supplies, the Board has indicated it will adopt a less agressive export sales policy for new crop corn and sorghum."

During the December 1973-September 1974 period, 280,400 tons of Durum were exported and another 45,000 tons were expected to move out during the remainder of the marketing year. Durum exports in 1974-75, according to latest estimates, should also stay about level with last year's, most of which was sold under government-to-government contracts, rather than through private trade tenders.

The area sown to small grains—rye, barley, and oats—in 1974-75 is estimated at 108 million acres, down 6 percent from 1973-74. The 3 percent increase in the area sown to oats was more than offset by a reduction of 7 percent in the area planted to rye and the 12 percent decline for barley.

However, the drought seriously damaged all of these crops, and the area harvested in 1974-75 is expected to be off by at least a third from a year earlier. Because of poor moisture conditions, a much smaller than normal proportion of the area planted to rye and oats was harvested and a larger proportion was grazed.

Small grain exports during the first 10 months of the 1973-74 marketing year were down 3 percent from the like period a year ago and most of this decline was due to the sharp dropoff in the shipments of barley. Exports of oats exceeded the previous year by 10 percent, while shipments of rye were up by nearly one third. Shipments of all small grains in 1974-75 will be down drastically, owing to the drought-reduced output.

In Argentina, planting of corn, grain, sorghum, and millet—so-called "summer" grains—directly follows the wheat harvest. The marketing year for these grains, which are harvested in February and March, extends from April through the following March.

In September, the National Grain Board—sole buyer of corn and grain sorghum—posted higher support prices for 1974-75 crops. Flint corn prices were raised by 11 percent and Dent by 9.5 percent. Sorghum prices were also set 11 percent higher than last season's.

Argentina's corn area for 1974-75 has been estimated at 10.1 million acres by the Government, but industry sources expect farmers to plant somewhat more. Rains and good weather conditions late in 1974 encouraged additional sowings in main corn areas, as well as in marginal zones.

Increased sales of seed corn also tend

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ARGENTINA: AREA AND PRODUCTION, 1973-74 AND 1974-75

Grain	Area planted		Production	
	1973-74	1974-75	1973-74	1974-75
	1,000 hectares	*1,000 hectares*	*1,000 tons*	*1,000 tons*
Winter grains:				
Wheat	4,252	5,120	6,560	5,000
(Durum)	(350)	(370)	(425)	(450)
Rye	2,515	2,328	613	270
Barley	1,028	900	659	495
Oats	1,154	1,186	561	284
Birdseed	49	49	35	35
Subtotal	8,998	9,583	8,428	6,084
Summer grains:				
Corn	4,134	4,110	9,900	11,000
Grain sorghum	3,114	3,070	5,200	5,000
Millet	273	260	233	215
Subtotal	7,521	7,440	15,333	16,215
Total	16,519	17,023	23,761	22,299

Thailand's Oil Palm Industry Plans To Double Its Acreage

By PANIDA RATANAPANACHOTE
Office of U.S. Agricultural Attaché
Bangkok

THAILAND'S SMALL but thriving palm oil industry, benefitting from the expanding world market in edible oil products, may double its existing 8,000-acre production area over the next 3 years.

The Government-owned oil-producing plantation in Satun Province has about 3,600 acres under cultivation, and is expected to produce about 200 metric tons of palm oil in 1974.

The other plantation, operated by the privately owned Thai Oil Palm Industry Co., Ltd., has 4,000 acres planted to oil palm in Krabi Province and expects a harvest of about 800 tons of fruit this year. (The fruit-to-oil conversion factor is 10-50 percent, depending upon variety, growing conditions, and efficiency of processing equipment.)

Both plantations started in business in 1968, and both harvested their first fruit in 1974.

The Thai Government's growing interest in oil palm cultivation and palm oil extraction is due both to the strong world demand for palm oil as well as to the Government's preference for new industries in the southern areas to supplement rubber as the major crop.

Natural rubber must compete in world markets with synthetic rubber, and a period of unfavorable prices of the natural product can bring economic chaos to geographic areas that are dependent upon natural rubber as their only crop.

Oil palm officials in the Thai Government and in the private sector believe Thailand's natural geography is well suited to development of an oil palm industry. The climate of the southern part of the country is similar to that of neighboring Malaysia, the world's leading palm oil producing country.

Since the climate of southern Thailand is similar to that of Malaysia, it is believed that Thailand will be able to grow oil palm successfully.

The Satun plantation began with an experimental plot of 20 acres when prices of natural rubber were falling in competition with synthetic rubber. In 1969, the Thai Public Welfare Department urged 240 members of the Southern Resettlement Development to grow palm trees on 960 acres—each member with 4 acres to cultivate.

In 1974, the planted area was expanded to about 3,600 acres and the target was adjusted upward to 8,000 acres—an area estimated to produce enough raw material to justify the establishment of an efficient and economically worthwhile palm oil extraction plant.

Earlier, it had been anticipated that about 800 of the 3,600 planted acres would produce the 1974 crop, but only 400 acres were actually harvested. The shortfall was blamed on inadequate maintenance of the palms. As 1974 is the first harvest year, the yield per acre is understandably low.

The plantation operated by the Thai Oil Palm Industry Co., Ltd., at Tambon, Krabi, received investment promotion in 1972 from the Thailand Board of Investment. About 1,600 acres of the plantation's total 4,000 acres have already produced a crop.

The company's long-range plans call

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In preparing land for planting of oil palm seedlings, land is first burned (left), after which it is cleared and graded by earth-moving equipment (below, left). Settlement supervisor (below, wearing jacket) and plantation staff inspect young palms in the nursery. The Dura-Pisifera cross variety, which has proven to be highly productive in neighboring Malaysia, is sold to Thai resettlement members at low prices. Trees normally bear in 5 years, reach peak production in 15 years, and are cut down in 30 years.

U.S. Food Sales Seen Rising as Foreign Buying Power Expands

UNITED STATES consumer-ready foods face a bright future in the export market, according to Clayton K. Yeutter, Assistant U.S. Secretary of Agriculture.

In a speech before the International Food Service Manufacturers Association in Scottsdale, Arizona, Assistant Secretary Yeutter said that the recent U.S. focus on agricultural exports reflects the increasing ability of the rest of the world to pay for a better standard of eating. This will continue in the years to come, he said, meaning added buying power for tens of millions of consumers in dozens of countries, which in turn spells opportunity for American agribusiness. He continued—

Most of the growth in agricultural exports to date has been in commodities: Grains, oilseeds, lemons, tallow, and other farm commodities have made up the bulk of U.S. shipments.

Consumer-ready agricultural items have made strong progress in recent years, however, as more and more people have achieved greater affluence. The growth in tourist trade has also been a strong booster of such sales, since top hotels and restaurants all over the world are important markets for such items.

U.S. exports of consumer-ready agricultural items have jumped from $679 million in 1967 to nearly $1.5 billion last year.

The devaluation of the dollar is another plus in the competitive position of American agriculture and American agribusiness. Currently, the dollar carries about a 14 percent devaluation, compared with the old fixed monetary rates.

Devaluation has thus increased the comparative advantage of U.S. industries by roughly 14 percent. If you tested the international market before devaluation and decided it was not wothwhile, then it might well be worth another look.

Additionally, transportation and communications with other parts of the world continue to improve. That does not mean that trading with other countries is yet as simple as doing business in the United States, but it is considerably easier than it used to be.

Finally, this nation is more dependent on exports than at any time since it ceased to be a colony of Great Britain. The reason the dollar had to be devalued in the first place is that the United States was not selling as much to other countries as it was buying from them. For the future, the degree to which the country can import goods and raw materials to maintain standards of living will depend directly on how much it can export. Agriculture is one of the few trade accounts where the United States is in the black.

In this situation, export industries can look for strong backing from the nation and from the U.S. Government.

All of these factors—growing affluence overseas, devaluation of the dollar, improving transportation and communications, and the increasing necessity to develop U.S. export advantages to the fullest—favor a closer look at the export market by food service manufacturers.

The food service market is often the leading edge in market development, both for the U.S. food industry and for companies themselves. This market offers the opportunity to start in a relatively small way serving local opinion leaders in prestige settings. It takes advantage of the tastes that tourists and foreign businessmen bring into a developing country. *Continued on page 20*

Two U.S. Solo Food Shows in Europe

Manufacturers and exporters of U.S. processed foods for the institutional, hotel, restaurant, and retail trade in May 1975 will have two new trade opportunities to show their wares to European customers.

USDA's Foreign Agricultural Service is sponsoring U.S. exhibits in Hamburg May 20-22 and in Stockholm May 26-30.

The Hamburg show (Inter-Continental Hotel) is to be the first FAS show in West Germany open to U.S. manufacturers of new-to-market products. Interested manufacturers must be willing to provide U.S. representatives in attendance on a full-time basis.

The show in Stockholm (Sheraton Hotel)—designed to promote U.S. processed foods in Sweden, Denmark, Norway, and Finland—is open to U.S. food producers and processors as well as European agents selling U.S. products.

The Stockholm show is to run concurrently with a hotel and restaurant equipment exhibit at the U.S. Trade Center sponsored by the U.S. Department of Commerce.

Participating firms interested in introducing products to the Swedish market may arrange, through FAS, for a professional taste-testing service. Firms will be supplied with the results of the tests as well as market evaluations of products, identifications of competing products—if any—as well as available data on those products. The charge is $50 per product.

Exhibit facilities at both shows include display units designed to show company and representative names as well as freezer or chiller display cabinets, as required. Fifty exhibit displays are available on a first-come, first-served basis. The charge for U.S. firms is $200 for each show.

Because of the considerable interest in new-to-market products in West Germany, it is not mandatory for exhibitors to have their products cleared for entry in order to be eligible to participate. FAS will, however, review labels without cost to ascertain compliance with local labeling laws and ingredient regulations. Label clearance for new-to-market products is mandatory.

The deadline for signing to participate in the two shows is February 21.

Prospective exhibitors at the two shows may send labels to Ms. Billie Tovell, Export Trade Services Division, Foreign Agricultural Service, USDA, Washington, D.C. 20250. Further information may be obtained from Robert D. Francis at the same address or telephone 202-447-7777.

Farmer's Successful Fed-Beef Enterprise Featured at German Fair

Grain feeding of young bulls—a European version of beef feeding—received a boost in Germany last September as visitors to the German Agricultural Society Fair (DLG) at Frankfurt lined up to hear about the highly successful venture of one farmer. Visitors to the September 15-22 fair also were able to learn more about use of soybean meal in feeds and—because of a project negotiated at the fair—will soon have access to micronized feedgrains, which improve feeding efficiency and thus help stretch costly supplies.

A biennial event begun in 1851, the DLG is the closest thing in Germany to a national agricultural fair, featuring exhibits of agribusiness, grain and feed firms, and livestock breeders.

Visitors to this year's fair included major farm decisionmakers, among them the president of the German farmers' union, and West European agribusiness VIP's. Farmers attending were mostly German—about 100,000 to 150,000 a day—on hand to see the latest in machinery, equipment, and animals, all of them for sale. Also, a number of banks had set up offices to finance sales with "instant credit."

Participants came from Belgium, Italy, Sweden, France, the Netherlands, New Zealand, the United Kingdom, Canada, and Israel in addition to West Germany and the United States. Those from the United States were the U.S. Feed Grains Council, Carnation Co. (which offers breeder services), Holstein Friesian Services, and the American Soybean Association (ASA).

All U.S. exhibitors featured in one way or another grain feeding of cattle, which despite current problems of meat oversupply and high grain costs has begun to take hold in Germany and other countries of Europe, and offers much promise for the future.

Heretofore, this region has depended almost entirely on grass-fed dual-purpose cattle for its meat, which, being secondary to milk production, is mainly in the form of veal or canner- and cutter-grades of beef. High support prices for daily products have helped perpetuate this system, even though demand for high-quality beef has been steadily expanding in Europe.

That unsatisfied demand now has led to development of cattle feeding operations, which began in Italy and France and are spreading to Germany and other European nations.

Thus, at the ASA exhibit tent, farmers were able to view Red Fleckvieh cattle from Wurzburg as well to try their luck at guessing the weight of a bull tethered under a revolving red light. The prize: a ton of U.S. soybean meal.

By fair's end, some 25,000 people had estimated the bull's weight, and their names had been placed on a mailing list for future contact by the ASA.

In the heart of the livestock barn—flanked by Shetland ponies and an exhibit of Chianini bulls from Italy, one weighing about 3,440 pounds, was the booth of the USFGC, Holstein Friesian Services, and Carnation Co.

Here was negotiated the contract between the USFGC, Danish and German firms, and the Bavarian State Institute for Animal Research for introduction of micronized feedgrains into West Germany.

The Danes have bought micronizing (dry heat) equipment and will supply heat-treated feedgrains for USFGC-assisted trials at the Bavarian Institute.

As grains become increasingly expensive—which has been the case this

Below, visitors to the DLG fair at Frankfurt stop at booth of U.S. Feed Grains Council, Holstein Friesian Services, Inc., and Carnation Co., to hear how one farmer fed 300 bulls on 20 hectares. Left, Klaus Werner (r.), USFGC Director for Germany, Switzerland, and Austria, with German trade officials.

year—micronizing to attain greater nutrients per unit becomes attractive as a means of cutting costs. The equipment uses electricity (infrared waves) which in Germany is less expensive than petroleum-based fuel.

Featured attraction of the exhibit was the success story of a German farmer, Heinrich Düvel, who managed to raise 300 bulls on 20 hectares (about 50 acres)—a feat advertised in the sign: "300 Bullen auf 20 ha Utopie oder Wirklichkeit?"

Düvel, who has a 50-acre farm in rolling countryside near Einbeck, 80 miles south of Hanover, wrote USFGC 3 years ago for help in revitalizing his unprofitable operation.

The help was forthcoming, beginning with advice on how to convert an expensive new barn so that it would house 120 animals, rather than the 50 originally planned. Later, Düvel learned how to stretch his homegrown feed supply, traveled to northern Italy to get ideas from feedlot operations there, and built another barn for 120 animals.

By 1973, Düvel not only was making a profit but had risen to fourth in net farm income among the 75 farmers subscribing to the regional computer bookkeeping system.

Düvel, who makes a net profit of about $57 per head, buys Simmental Charolais, and crossbred cattle at weights of about 100 pounds. These are expensive, but Düvel says he can spend up to $50 more per animal and still come out ahead. Each animal is kept 15-16 months and finished to a normal weight of 1,100-1,200 pounds, depending on the breed and price of calves—the more expensive ones being fed to over 1,300 pounds. The end result is a tender meat, somewhere between veal and beef in color and flavor.

Four years ago, Düvel's crop acreage was largely in sugarbeets, wheat, barley, and silage—typical of farms in his area. Now, to support his livestock operation, he has converted largely to corn silage. He raises this for 2-3 years, then—for crop rotation purposes—trades with nearby farmers, who grow his corn silage while he raises their wheat. He also shares liquid manure with neighbors.

Düvel has become a firm believer in recordkeeping—every month a computer shows his income, profits, and other relevant data—and in changing his feed rations in line with price fluctuations. For instance, he substituted denatured wheat for soybean meal last year because of the former's lower, subsidized prices but has gone back to meal, corn, and barley now that the European Community has no denatured wheat program. Such changes are made each month, according to price.

Düvel has also installed a cold storage and cutting room. He markets 25 percent of his product directly to housewives and 75 percent to slaughterhouses, which sell to hotels and other institutions. However, Düvel wants to sell 50 percent of his production to housewives to acquaint them with quality beef, still untested by the average German.

In fact, consumers in Germany are unable to buy graded beef in retail markets since the country's only beef grading system is at the wholesale level. And U.S.-type beef must be marketed through certain slaughterhouses with special retail outlets.

Normally, farmers in this part of Germany can raise 2-4 bulls per acre; under Düvel's system, the number rises to around six. In addition to managing his operation, Düvel serves as a "multiplier" farmer, to whom other farmers travel for advice. Very few days pass without visitors.

Besides working with Heinrich Düvel, USFGC has completed a series of feeding demonstrations in northern Germany with two agricultural schools and private feed compounders. These demonstrations successfully showed that farmers using recommended rations can raise their profits by $40 per head as the rate of growth is accelerated, feed conversion ratios improve, and animals grade top on the market. Rations used were 43 percent corn, 17 percent manioc meal, 10 percent soybean meal, 11 percent horsebeans, 10 percent coconut meal, 6 percent molasses, and 3 percent mineral premix.

Such demonstrations led to widespread adoption of recommended feeding practices in this area.

Right, crowds at the exhibit tent of the American Soybean Association, where visitors had a chance to guess the weight of bull, below.

Top to bottom, scenes at the farm of Heinrich Duvel, whose fed-bull operation was spotlighted at DLG fair. Mr. Duvel and his wife (c.) are visited by Walter Geoppinger (l.), chairman of the German National Corn Growers Association, and Mr. Curry (r.), Association president; a cornfield on the farm; feeding silage to young bulls; and feeding milk to calves.

Strawberries Gain Importance In Israel

Production of strawberries has become increasingly important in Israel, according to U.S. Agricultural Attaché Dale B. Douglas.

The trend of rising production began in calendar 1966, when output hit 1,000 metric tons. By calendar 1973, production had multiplied nine times to total 9,200 metric tons. Nearly half of this (over 4,000 tons) was exported, at a value of $4.7 million. Processing of strawberries, too, has grown, but is restricted to rejects of the local market.

Preliminary data for calendar 1974 point to a drop in production. The main reason for the decline is the interference of the Yom Kippur War with planting schedules.

Export returns have been high. Preliminary data indicate a level of $1,360 per metric ton for the 1974 strawberry crop. Average 1973 returns exceeded $1,000 per metric ton, f.o.b. Lod Airport. Most of the strawberry producer's income in Israel is derived from exports marketed between December and March. The fruit is flown to Europe and sold mainly to the Federal Republic of Germany, France, and Switzerland. Other important markets are Italy and the United Kingdom.

Timely appearance of the fruit on the export market is of prime importance and has caused a shift from the previously preferred Lassen variety to earlier yielders, such as Early Dawn and Surprise des Halles.

Bigger Crop Boosts Nigerian Peanut Exports

Commercial production of peanuts in Nigeria in 1974 is estimated at 900,000 metric tons, unshelled basis. In 1973 drought conditions reduced commercial peanut production (the quantity of peanuts sold off farm) to approximately 200,000 tons. As a result, exports during 1974 fell to 50,000 tons of peanuts, 11,000 tons of oil, and 20,000 tons of meal. The anticipated increase in commercial production from the 1974 bumper harvest is equivalent to an additional 225,000 tons of peanut oil and 270,000 tons of meal. Consequently, a sharp recovery in 1975 exports is expected.

Paraguay's Agricultural Exports Shift To Meet World Demand

By JAMES W. WILLIS
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PARAGUAY'S AGRICULTURAL export earnings may be reduced in 1974 due to the depressed world beef market, particularly in the European Community, which could curtail that country's rate of economic growth, compared with the level achieved in 1973.

However, based on supplies estimated available in 1974, bigger earnings from sugar, tobacco, and tung oil exports may have largely offset any cut in export receipts last year from beef and, possibly, oilseeds, vegetable oils, and oilseed byproducts.

The overall agricultural production index for 1973 in Paraguay was unchanged from 1972, but crop production was up 9 percent, largely due to increased output of cotton, sugarcane for sugar, soybeans, and corn. Output was lower for beef, sugarcane for molasses, tung oil, mandioca (cassava), and milk.

Total value of Paraguay's principal agricultural products exported during 1973 increased to about $105 million, a 49 percent gain over that of 1972. Principal products contributing to this increase were manufactured meat, seed for industrial use, cotton, coconut oil, other vegetable oils (excluding tung oil), and expellers and cake. Leading markets for these exports during 1973, in order of importance, were West Germany, the United States, Argentina, Netherlands, and United Kingdom.

Agricultural exports accounted for 83 percent of Paraguay's foreign exchange earnings in 1973, compared with 81 percent during 1972. Manufactured meat, oilseeds, and related oilseed byproducts accounted for over 50 percent of Paraguay's total export earnings and over 60 percent of its earnings from principal agricultural products during 1973.

As a result of this massive rise in farm exports, Paraguay had a $5-million favorable balance of trade in 1973, compared with $3.6 million in 1972, and the favorable balance of payments of $26 million substantially exceeded the $11.9 million of a year earlier. Meat exports contributed the largest share to Paraguay's earnings from exports in 1973 with a value of $40.5 million or 32 percent of the total export value.

Exports of Paraguayan beef, however, are not expected to reach the 35,531 tons exported during 1973, unless there is a recovery in international demand. Beef prices are not expected to recover to the high levels reached in 1973 and deliveries to export slaughterhouses are not expected to increase until prices are adjusted upward.

Argentina replaced the United States in 1973 as Paraguay's leading source for imports. Imports from the United States rose by $3.6 million or 27 percent to $17.3 million; however, through generous programs of supplier credit, Argentina increased the value of its exports to Paraguay by 155 percent in 1973 to $27.5 million, up from $10.8 million in 1972.

Paraguay is expected to continue relying on Argentina for the bulk of its wheat and dairy product import needs and on the United States for cigarette import requirements.

The favorable export picture for tobacco, sugar, and tung oil during the 1974 season is based on respective production increases of 15.4, 11.1, and 275 percent. Soybean output will increase by an estimated 23 percent and allow for a potential oil outturn of 37,500 tons and a meal outturn of 195,000 tons (soybean meal equivalent).

In 1973, a large volume of soybeans was exported as "seeds for industrial use," which meant that only about 65 percent of the soybean crop was crushed for export in the form of expellers and cakes.

Beef and veal production in 1974 is forecast to fall by about 5 percent from the 1973 level to 90,000 tons. About 58,000 tons of this output probably will be consumed locally, leaving only 18,000-20,000 tons for export.

Unless there is a change in the current EC meat situation, Paraguay may continue to experience difficulties in maintaining its shipments to this market. Even if Western Europe needs more oilseed protein byproducts to support a larger livestock industry, other protein byproduct producers, such as Brazil and Peru, will have increased supplies for meeting this demand.

Outturn in 1974 from most other agricultural products used primarily for meeting local consumption needs, such as corn, mandioca, and wheat, is expected to remain at, or in the case of corn, exceed 1973 levels. Some of these traditional food crops such as madioca, for which the area sown was reduced to about subsistence levels due to substitution of soybeans, are expected to recover by 1975 and exceed previous high levels.

Cotton. This commodity was Paraguay's third largest agricultural foreign exchange earner in calendar 1973 due to increased world prices and an increase of around 150 percent in shipments. Export availabilities during 1974 could exceed the 1973 level but prices are expected to average lower than the previous year's. The Ministry of Agriculture's estimate of 120,000 bales produced during 1973 represents an increase of 51 percent over production in the previous year.

FAVORABLE PRICES obtained for the 1973 crop encouraged farmers to increase the 1974 area to about 250,000 acres. Any further large increase will be restricted by high fuel costs, which may limit ginning capacity or a lack of mechanization on farms. However, a new $238,000 cotton gin opened on April 23 with capacity to process 350 bales of seed cotton daily.

Tobacco. An 8 percent increase in tobacco production occurred during 1973. Favorable market prices resulted in a 12 percent increase in the value of tobacco exports during the same year. In 1973 expansion in area was primarily in the Province of Itapú where production costs are higher since much of the land there is marginal and increased inputs are necessary.

One basic input, diesel fuel, cost 80 cents per gallon in May 1974, more than double the price in October 1973. Because of these higher production costs, further expansion will probably be limited to no more than 75,000 acres. Assuming that yields equal the 1973 level and area planted increases,

outturn could reach 30,000 tons during 1974.

Much of the recent expansion in tobacco area occurred in the central part of the Province of San Pedro on Government agency plantations. The Government is actively encouraging an increase in tobacco production and is granting loans through the Government credit union.

Sugar. Based on deliveries to mills, 575,000 tons of sugarcane were produced during 1973, an increase of 28 percent over the 1972 level. An estimated 69,000 tons of sugar (refined basis) were produced from this output. Much of the increase was due to a shift from varieties previously devoted to molasses to production of sugarcane for sugar—a trend that continued into the 1974 season. Also more of the cane normally used for molasses was used for sugar due to high sugar prices, compared with those for molasses, and the better quality sugar extracted from the 1973 crop.

The Government is also actively trying to raise sugarcane output, but prices to producers must be increased to cover higher production costs before any significant expansion will be forthcoming. Producers reportedly have asked for a 133 percent increase in prices for the 1974 crop.

The Government hopes to construct two more sugar mills north of Asunción. However, the increase in milling capacity that could be attained would not be sufficient to meet the Government's plan to triple production in the near future, although sugarcane outturn for sugar could reach 750,000 tons during 1974.

Tung oil. Area devoted to tung nut production in the Province of Itapuá, which is roughly 90 percent of Paraguay's tung nut area, declined from 600,000 acres 3 years ago to the current 500,000 acres. Although about half the remaining area outside of Itapuá was cultivated in 1972-73, high prices resulted in a return to full production levels during the 1973-74 tung nut growing season.

A reduction in total tung nut area due to cutting of trees during late 1972 and early 1973—when prices were low—was expected to limit tung nut production and oil outturn to 15,000 tons during 1974, a substantial jump over the 1973 frost-reduced crop. Because frosts damaged the crop in August-

Paraguay imports much of its wheat, but produces around 20,000 tons a year. At left, wheat is sacked at an experimental station. Below, heifers being cut from a herd in the Oriente region of Paraguay for artificial insemination. Bottom, commodity storage facilities at Asunción for rice, tobacco and grains. The Government is renovating many of its older facilities and building new ones.

September 1974, 1975's output is expected to show a 65 percent reduction.

Soybeans. According to the Ministry of Agriculture, soybean production rose 26 percent in 1973 from the 1972 level, largely due to an increase in yields. Increased returns from the 1973 crop prompted producers to increase sowing during October-November 1973 and an outturn of 150,000 tons is expected during 1974, if yields are maintained at the 1973 level.

Some weather damage has been reported and an undetermined quantity of soybeans already stored has spoiled because of excessive humidity during late April and a lack of proper drying capacity in existing storage facilities. Producers have inquired about Government plans to construct silos proposed earlier.

Almost all seed processing plants in Paraguay employ crushing devices for extracting vegetable oils.

Castorbeans. Prices for castorbeans have been strong and area cultivated in 1973 rose by 29 percent over that of 1972. Some of the area in Conceptión previously planted to pineapple was converted to castorbean production during 1973. Marketing problems in this northern part of Paraguay and heavy competition from soybeans, a crop which is much easier to cultivate, however, are expected to result in a reduction in the area in 1974.

Cattle. Good pasture conditions and producers' anticipation that excess slaughterhouse capacity will result in higher prices because of increased competition by plants to procure necessary supplies for export has continued to encourage cattlemen to withhold cattle from marketings. Higher prices in domestic markets than at export slaughter plants have also increased cattle populations by restricting deliveries of cattle to export plants. As a result cattle numbers are expected to have increased moderately from the 4.5 million head officially estimated in August 1972.

Cattle slaughter during 1973 was estimated at 525,000 head, down 13 percent from a year earlier. Approximately 305,000 head were slaughtered for domestic consumption and 220,000 head for export. Based on an average carcass yield of 183 kilos per head, beef and veal outturn totaled 96,000 tons during 1973.

Thailand To Double Its Oil Palm Acreage

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for doubling the existing area planted to oil palms to a total 8,000 acres. Forest land is being cleared, and land is being bought from the villagers, who are encouraged by the company to enter oil palm production by cultivating seedlings supplied by the company. The expansion project is to extend over a 3-year period.

The oil palm variety recommended by the Thailand Public Welfare Department for cultivation is the DXP (Dura-Pisifera cross), which is the most productive and popular variety grown in Malaysia.

DXP seeds are bought in Malaysia by the Thai Government, and are then resold at low prices to Thai resettlement members, who grow the seedlings. A large number of young plants are at present being produced under this Government program.

In the first 3-4 years of an oil palm's growth—during which there is no yield—the normal maintenance cost to the plantation is about $379 per acre. If maintenance includes modern technical care, the cost is increased to about $618 per acre. The plantation's capital costs include seedlings, maintenance, fertilizer, and other expenses.

Yields depend on the age of the palm tree. Initial production is about 470 kilograms per acre. Yields gradually increase, and reach a peak in the 15th year. Trees are normally cut down in the 30th year because they are then no longer economical, even though they may live for 50-60 years.

Financially, oil palm production is an attractive industry. Profits from oil palm can exceed by $75 per acre those derived from either rubber or coconut production, the other major crops in southern Thailand. Also, oil palms produce earlier than either rubber or coconut.

The temporary oil extraction plant now in operation in Satun produces only about 300 kg of fresh palm oil per hour—about 2.4 tons daily. Production efficiency is very low. Ten kg of palm fruit are required to produce 1 kg of crude oil from pericarp (the outer fleshy fruit).

Oil from the kernels is not now extracted, but a modern commercial extraction mill is under construction and is scheduled to begin operating in late 1974. The plant's capacity for extracting oil will be sufficient to handle outturns from the total 8,000 acres of oil palms. Until the new plant begins operating, palm kernels are being sold to coconut oil extraction plants.

The Thai Oil Palm Industry Co., Ltd., operates its own extraction plant in Krabi. It is the first Thai oil extraction plant to use modern extraction machinery, and the first to be operated entirely by Thais. The plant can produce 10 tons of palm oil per hour, and its capacity can be expanded to process 50 tons per hour.

Because the quantities of palm are at present insufficient to warrant full operation, the plant is operated only on certain days, and output is limited to 4 tons daily. The plant is about twice as efficient as those having high labor factors. At the Krabi plant, 5 kg of fresh palm yield about 1 kg of oil from the pericarp alone (not including oil from the kernel).

The quantity of palm oil now being produced in Thailand is small. Only crude oil is sold at present, and the main purchasers are firms producing milk, canned foods, margarine, vegetable oil, and soap.

The domestic price of palm oil in May 1974 was $592 per ton, compared with only $297 per ton a year earlier. In April 1974, the price was $618 per ton, compared with $692 per ton in March. Palm oil prices in Thailand are usually affected by palm oil prices in Malaysia.

Thailand's major oil palm production problem is the lack of locally produced high-quality seed. From the start of this new industry, Thailand has been dependent upon Malaysia as a source of the recommended DXP variety of seed.

It will be 7-8 years before Thailand is able to produce the seed needed to expand its plantings, because only the seeds from trees of this age are suitable for planting.

The Thai palm oil industry expects to continue selling its entire output locally, and this marketing pattern is expected to remain unchanged in the foreseeable future.

Malaysian Aid to Pineapple Industry Spurs Bigger Crop

MALAYSIA'S pineapple industry, bolstered by Government replanting and fertilizer subsidies as well as price supports, is tallying a 1974 crop about 5 percent greater than that of 1973.

The Malaysian Government in 1974 increased not only the pineapple replanting subsidy for smallholders from about $160 to about $240 per acre, but also raised the farm prices for fresh fruit from about 1.1 to about 1.2 cents per pound, and later jumped this amount to about 1.4 cents per pound (US$1=M$2.40).

In addition, a Government study on strengthening the various aspects of the pineapple industry is to be made, with a view to rendering the industry more viable in the face of growing foreign competition as well as global inflationary and recessionary tendencies.

The increased pineapple replanting subsidy, higher farm prices for fresh pineapples, and subsidized fertilizer are expected to induce smallholders to speed up resuscitating their holdings.

Jointly, smallholders have about 28,000 acres in pineapple, but have revitalized only about 5,000 acres. The low rate of replanting is attributed to the relatively higher returns from such crops as rubber and oil palm as well as the more attractive earnings to be obtained from the industrial sector as a result of the vigorous industrialization policy.

Peninsular Malaysia's pineapple acreage, at 55,126 acres in 1973, was marginally higher than in 1972 and 11 percent above the average annual acreage of the most recent 5 years. However, total canned pineapple production of 54,146 long tons in 1973 declined by 4 percent from the 1972 level and 14 percent from the average annual production of the past 5 years.

Inherent defects in smallholder production, growing competition from nearby lower-cost pineapple producing countries, and growing international "stagflation" all have contributed to the declining Malaysia-Singapore pineapple production.

Peninsular Malaysia now has but four canneries instead of five, and the only cannery in Singapore has completed plans to switch operation to nearby Johore, where it has its own plantation and lower production costs.

Exports of canned pineapple from Peninsular Malaysia in 1973 were 51,559 long tons—8 percent below the 1972 level and 15 percent below average annual exports in the past 5 years.

The main destinations for Malaysian canned pineapple continue to be the United Kingdom, New Zealand, Canada, the United States, and West Germany. Since January 1, 1974, and continuing until 1978, Malaysian canned pineapple of specified types will be allowed to enter European Community (EC) countries under a total annual quota of 20,000 tons at half the existing tariff rates.

It seems likely, however, that the Malaysian pineapple industry will come upon hard times unless it takes full advantage of the Government programs to increase production and vastly improves its international marketing mechanisms to attain a much larger turnover.

In view of the increasing degree of overseas competition and the rather insignificant EC tariff concessions, Malaysia's canned pineapple industry is looking for expanded sales in the United States. The New York office of the Food Industries of Malaysia has been closed, and a large Japanese trading organization has been appointed sole agent in the United States.

ALSO, Malaysian embassies in the Mideast are stepping up promotion of Malaysian canned pineapple to take advantage of increased purchasing power in the area. To date, however, Mideast countries have bought only limited quantities of Malaysian canned pineapple.

Although Malaysian canners have cooperated to eliminate what is termed "unhealthy competition" among themselves, the local canned pineapple industry still is confronted with problems that are not easily resolved.

Labor, for example, has tended to move to areas where wages are more attractive—to the oil palm and rubber industries, and most particularly to the growing industrial sector of the Malaysian economy.

This situation is further complicated by mounting competition from other pineapple growing countries where wage levels are relatively lower. Also, inflation magnifies the Malaysian pineapple industry's difficulties in meeting foreign competition in the face of mounting costs of production and shipping.

Notwithstanding these adverse factors, it is likely that pineapple smallholders will be encouraged by the Government subsidies and higher farm prices to revitalize their holdings.

—Based on report from
Office of U.S. Agricultural Attaché
Kuala Lumpur

Harvesting pineapples on an estate near Johore. Production in 1974 was up by about 5 percent over 1973 levels, due in part to Government assistance.

Netherlands Campaign To Wrest Polders from Zuiderzee Ending

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THE NETHERLANDS has been engaged in a battle to reclaim land from the Zuiderzee almost continuously over the past 40 years. When the last campaign is completed within the next few years, the Dutch will have reclaimed from the sea, five polder areas equal to 10 percent of that country's total land mass—no small achievement for any nation.

The reclamation project was begun primarily, to increase the Netherlands level of agricultural production, but polder areas now include allocations for urban, recreation, and industrial uses. Had the acquisition of farmland remained the sole purpose of the project, its national importance would have ultimately declined with the rapid growth of industrial development.

According to present plans for use of the fourth polder, South Flevoland, completed in 1967, only half of the area will be allocated to farming. The remainder will be utilized in approximately equal proportions, for urban and industrial development on one hand, and recreational facilities on the other, mainly because of this polder's proximity to Amsterdam, the largest city in the Netherlands.

Five main factors determining the use and organization of Markewaard, the fifth polder, slated for completion in the mid-1970's, are its relation to the surrounding land; communication systems; structural division based on population needs; water control; and landscaping.

Original plans for the Netherlands to undertake this massive reclamation work began in the early 1900's and were brought into fruition with the passage of the Zuiderzee Act by the Dutch Parliament in 1918. Under this act, the Board of Zuiderzee Works was created to design and carry out the hydraulic engineering works involved in the enclosure and partial reclamation of the Zuiderzee.

A second body, the Authority for the Development of the IJsselmeer Polders was given the task of further fitting out each drained polder and seeing to its development for designated purposes.

Yet a third authority, the Southern IJsselmeer Polders Public Body, was established to act as the local government during the development phase for each polder.

Completion of the 18-mile Afsluitdijk (barrier dam) in 1932 gradually turned the then salt-water Zuiderzee into the fresh-water IJsselmeer (Lake IJssel). Simultaneous with the construction of the barrier dam, work was begun on the Wieringermeer polder, the first area to be reclaimed. By 1930 the entire area of 50,000 acres had been drained.

In a neighboring 100-acre experimental polder, extensive research was carried out between 1927 and 1931 on the problems of drainage, desalination, soil-ripening, microbiological conditions, crop selection, fertilizer and manure usage, soil tilling methods, land utilization and classification, and other related factors.

Land was brought under cultivation and worked 3-4 years after reclamation before farmers were allowed to move onto it. This also allowed time to erect homes and buildings. Soil types were largely the deciding factors in location of farm types. Also, the Dutch Government decided that these publicly owned and reclaimed lands would be leased and not sold to individual farmers.

With respect to fertilization, the phosphate content was found to be too low and 75-88 pounds of pure P_2O_5 were applied per acre. The potassium deficiency was not a particular problem, although the nitrogen deficit (low humus content) and need for organic manures was of some concern. Experiments conducted in artificial inoculation of soil through leguminous crops proved so successful that within a few years 42,000 acres had been treated.

Establishing villages provided real planning problems. Such things as number of villages—their size, functions, location—and types of churches, schools, cafes, shops, industrial areas, traffic flows, public areas, distribution of homes according to income were some of the factors that had to be considered in the artificially created society.

Age of the new inhabitants was also a complicating factor, because almost all the new polder inhabitants would be between 25 and 40 years. This created a unique society which called for a disporportionate amount of certain social services, such as larger schools and almost no medical facilities for the aged. The major problem facing the urban planners was creating an environment in which the new inhabitants would feel "at home."

As work on the Wieringermeer polder was drawing to a close, parts of the protecting dike were destroyed in World War II. Within a year the flooding damage to the canals and ditches had been repaired, but it took another 8 years to restore the polder to its original reclaimed state.

Construction on the second reclamation area of the Zuiderzee, the Northeast polder, was begun in 1936. On the average, the 120,000 acres of this polder are 16 feet below normal sea level, thus three pumping stations are needed to maintain the proper water level.

FROM EXPERIENCE and knowledge gained with the Wieringermeer, many of the uncertainties concerning new polder land were eliminated. At the outset detailed soil samples were taken and calcium, humus, nitrogen, and clay contents, as well as other soil properties were recorded to ascertain which forms of vegetation would spontaneously develop in the new polder, and how noxious weeds, certain plant diseases, and harmful insects could be prevented during and after soil preparation for tillage.

In the years immediately following the Second World War when planners were ready to construct farm sheds on the 1,100 new farms on the Northeast polder, they were faced with a severe shortage of materials and skilled building tradesmen.

As on the Wieringermeer, the nearly 1,500 farms on the Northeast polder were leased. Rents—based on the land's productivity, type of farm building, value of farmhouses, farm size, proximity to a canal, landing wharf, or village—were subject to revision every 3 years.

Applicants for both the Wieringermeer and Northeast polders were judged

on past agricultural background; farming methods; financial stability; working capital; the applicant's, including his family's, aptitude for change; applicant's region; and his religion.

However, three additional criteria were specified for the Northeast polder, in order of importance: Those who had left farming during World War II and had devoted all their energies to reclamation of the Northeast polder land; farmers from the island of Walcheren in Zeeland Province who were flooded when dikes were bombed in 1945; and farmers from Zeeland Province who had been flooded out in the disasterous storm of 1953.

By the time the 56-mile encircling dike for the third polder, East Flevoland, was closed on September 13, 1956, emphasis for reclamation work in the IJsselmeer was shifting away from solely agricultural purposes—15 percent of this polder was to be allotted for urbanization, industrialization, recreation, and nature reserves.

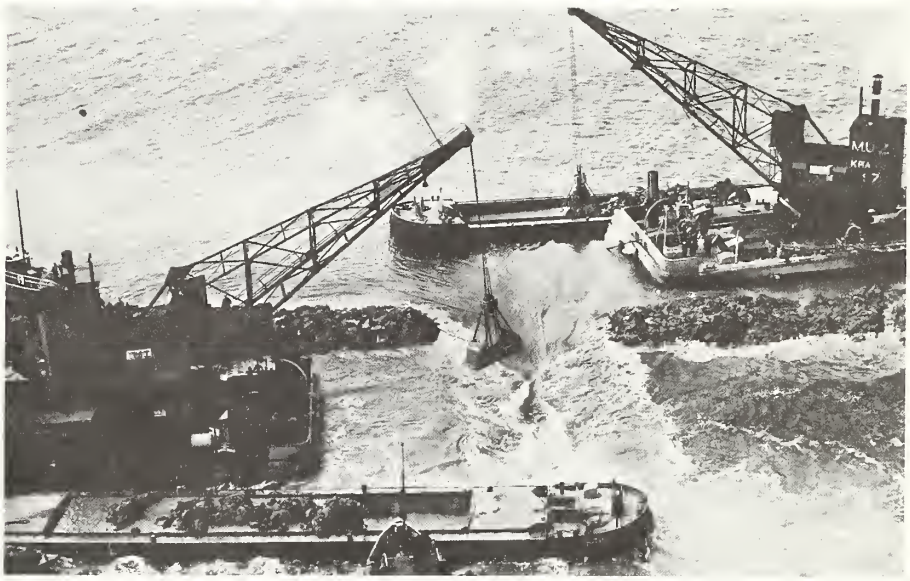
Other changes in planning East Frevoland—a main city (Lelystad), a secondary town (Dronten), and only two small villages—were brought about as society developed and communications improved and villages lost many of their support functions.

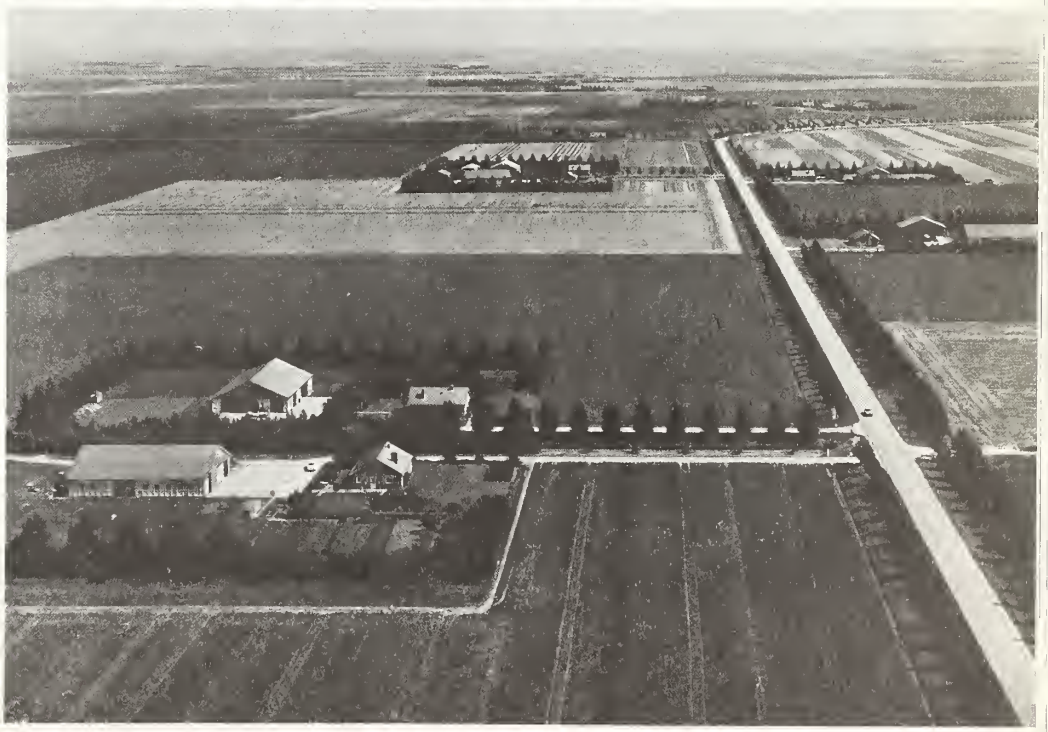
Every year a number of agricultural holdings planned for development in East Flevoland are allotted. Of the total number, 40 percent are offered on short-term, 12-year leases, which can be automatically extended for 6 years, and 60 percent on long-term, 40-year leases.

Interested potential tenants are requested to apply by postcard. When the application period has closed, all who have applied are invited to one of the "Information Days," held in Lelystad. At these meetings additional particulars are given regarding the holdings to be allotted. The prescribed application forms are handed over to applicants and an opportunity is given to visit the proposed holdings.

Only when the application forms have been completed and returned is the person considered a candidate. Over the past few years, the total number of applicants has been more than twenty-fold the number of holdings offered.

When the requirements regarding the allotment of the holdings have been satisfied, contracts of lease can be signed. This marks the completion of another year's allotment.





Downward from left: Digging a trench and laying tiles in a single operation on one of Holland's polders; construction of the last barrier dam separating the Zuiderzee from the North Sea; a view of polder farms some years after the reclamation process had been finished. The last campaign to be completed in the next few years will have reclaimed from the sea five polders equal to 10 percent of the Netherlands total land mass.

Argentine Grain Crops

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to verify the expectation that area planted in 1974-75 exceeds that of last year.

In contrast to wheat, moisture conditions in the main corn-producing area are considered good and reportedly 70 percent of the new crop was sown by early November. Trade sources generally agree that if growing conditions continue favorable and timely rains occur during the crucial months of December and January, corn production in 1974-75 could range from 10.5 to 11 million tons, surpassing last year's 9.9-million-ton output by 5-10 percent.

Area planted to sorghum in 1974-75 could exceed last year's, according to some sources, but the consensus is that both area planted and production will be down slightly. The reduction is largely the result of drying and storage problems last year, which resulted in severe losses.

Lack of storage space for the bumper sorghum harvest in 1973-74, as well as excessive moisture, caused losses estimated between 1-1.5 million tons. Argentina's 10-million-ton grain storage capacity was severely strained by delayed wheat shipments and a large oilseed harvest, plus the abundant sorghum crop.

While the Government estimated sorghum output in 1973-74 at 5.9 million tons, purchases by the National Grain Board show that the quantity available for export and domestic use was limited to only 5.2 million tons because of the losses.

In view of Argentina's inability to cover some export contracts last season, the National Grain Board has been careful not to oversell this season's crop. Further sales of both corn and wheat were suspended on September 9, 1974, although the restriction on corn sales was lifted on October 1, when bids for 150,000 tons were opened.

Since reduced U.S. production of corn and sorghum has increased demand for Argentine supplies, the Board has indicated it will adopt a less aggressive export sales policy for new crop corn and sorghum. On October 15, the Government increased export taxes on corn from 8 to 25 percent and on sorghum from zero to 23 percent.

Present indications are that corn exports in the 1974-75 marketing year will reach 5.7 million tons and sorghum 3.1 million tons. If conditions during the remainder of the season continue favorable, corn exports in 1975-76 could reach 6.7 million tons and grain sorghum 3 million tons.

During the April-September period of 1974, total coarse grain shipments totaled 5.6 million tons—an increase of nearly 1 million tons from the corresponding period of 1973. Most of this increase reflected larger shipments of sorghum, since exports of corn were up only slightly.

—Based on dispatch from *Office of U.S. Agricultural Attaché, Buenos Aires*

U.S. Soybean Shortfall Reduces World's Oil Supplies for 1975

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oils—generally thought to be firm despite price changes—is rather uncertain at present prices.

Second, current short supplies and high prices for certain oilseeds and oils could stimulate further foreign production, such as soybeans in Brazil and palm oil in Malaysia.

Third, increased spending for petroleum imports is causing some redistribution of financial reserves among countries. Oil-rich countries could become more important markets for U.S. products, compared with traditional markets.

Last, new wealth in certain developing countries from higher petroleum and mineral export prices could cause some nations such as Nigeria and Indonesia to deemphasize agricultural exports—thus reducing foreign competition somewhat.

FATS AND OILS: ESTIMATED PRODUCTION AND EXPORTS, UNITED STATES AND WORLD [1]

[In million metric tons]

Item and year	United States		Foreign		World		Soybean		Other	
	Actual	Annual change	Actual	Annual change	Actual	Annual change	Actual	Annual change	Actual	Annual change
Production: [2]										
1970	10.31	+0.26 trend	29.09	+0.73 trend	39.40	+0.99 trend	6.02	+0.38 trend	33.38	+0.61 tren
1971	10.43	+ .12	31.14	+2.05	41.57	+2.17	6.17	+ .15	35.40	+2.02
1972	10.34	— .09	32.51	+1.37	42.85	+1.28	6.64	+ .47	36.21	+ .81
1973 [3]	10.64	+ .30	31.19	−1.32	41.83	−1.02	7.31	+ .67	34.52	−1.69
1974 [4]	12.33	+1.69	33.06	+1.87	45.39	+3.56	9.08	+1.77	36.31	+1.79
1975 [4]	10.65	−1.68	33.76	+ .70	44.41	— .98	7.86	−1.22	36.55	+ .24
Exports: [5]										
1970	4.32	+ .24 trend	7.59	+ .21 trend	11.91	+ .45 trend	2.94	+ .22 trend	8.97	+ .23 tren
1971	4.60	+ .28	7.90	+ .31	12.50	+ .59	2.98	+ .04	9.52	+ .55
1972	4.50	— .10	8.69	+ .79	13.19	+ .69	3.05	+ .07	10.14	+ .62
1973 [3]	4.58	+ .08	8.64	— .05	13.22	+ .03	3.24	+ .19	9.98	— .16
1974 [4]	5.23	+ .65	8.03	— .61	13.26	+ .04	4.00	+ .76	9.26	— .72
1975 [4]	4.76	— .47	9.38	+1.35	14.14	+ .88	3.95	— .05	10.19	+ .93

[1] Includes the oil equivalent of oilseeds, animal fats, and marine oils. [2] Oil production estimated on the basis of average assumed extraction rates and crushings and therefore represent potential rather than actual oil production. [3] Preliminary. [4] Forecast. [5] Includes the oil equivalent of exported oilbearing materials.

CROPS AND MARKETS

OILSEEDS AND PRODUCTS

Brazilian Soybean Situation Reported

Brazil's 1975 soybean crop now is estimated at 8.75 million metric tons—250,000 tons above the previous estimate and 1.75 million tons above the 1974 crop—according to the Assistant U.S. Agricultural Attaché in São Paulo. Plantings are estimated to be more than 90 percent complete and the crop is reportedly 4 to 5 weeks ahead of the 1973 crop.

The 1975 production increase will largely reflect expanded plantings. In Parana, acreage is up 25 percent with new land being brought under cultivation and some shift from cotton and coffee. In Rio Grande do Sul acreage is up 10 to 15 percent, with most of the increase coming from pastureland; consequently, yields there are expected to be relatively low.

On the export side, it now appears that Brazil will not export soybean oil before mid-January, with total volume not exceeding 30,000 tons before new-crop arrival in May.

Major Markets Import More Soybeans, Meal

The most recent import data available for 1974 indicate that imports of soybeans and meal into nine major markets now are running 6.3 percent ahead of those during the comparable months of 1973.

IMPORTS OF SOYBEANS AND MEAL BY NINE MAJOR MARKETS, 1973 AND 1974
[In 1,000 metric tons, meal basis]

Country	Period	Imports of soybeans and meal 1973	1974
West Germany . .	January-October	1,980	2,052
United Kingdom .	January-September	590	713
Denmark	January-October	480	542
Italy	January-June	586	661
France	January-September	1,200	1,474
Spain	January-October	1,019	1,170
Netherlands	January-July	745	974
Sweden	January-August	134	152
Japan	January-October	2,646	2,236
TOTAL		9,380	9,974

The gain in imports of soybeans and meal occurred despite a 6.5 percent drop to 13.5 million tons in imports of all oilseeds and meals (44 percent protein basis) by the same nine countries during the same period.

The overall decline in meal consumption reflects sluggish demand for mixed feeds because of low livestock and poultry profitability. The recent strength of soybean and meal imports, which reflects on the other hand, soybean meal prices, basis Europe, which since May 1974 have averaged less than 5 percent above the price of corn, compared with 40 percent more than corn during October 1973-April 1974 and 104 percent more during calendar 1973. Given the present prices of corn, meal prices should strengthen as meal feeding rates are stimulated.

U.S. exports of soybeans and meal during January-October 1974 totaled 13 million metric tons, meal basis—17 percent above the 11.1 million ton volume exported during the same 10 months of 1973. U.S. exports of soybeans and meal, meal basis, to the nine major importers were 7.9 million tons in January-October 1974, or only 1.3 percent above the volume moved during the comparable 1973 period.

Most of the increase in U.S. exports in 1974 moved to the People's Republic of China, Mexico, Yugoslavia, and European countries. Most of the gain in imports of soybeans and meal into the nine countries reflects increased purchases from Brazil.

Peru Continues Exploratory Fishing

Official Peruvian sources report that although industrial anchovy fishing was stopped as of December 2, 1974, some exploratory fishing was continued. An additional 200,000 tons of fish were expected to have been caught by the end of 1974 with 50 to 150 boats being utilized.

Continued fishing is expected to supply information regarding stocks of anchovy in the seas and their distribution. Also, it will allow boat crews with deficient catches this season to improve earnings as well as permit the exploitation of white anchovy schools in the north.

If white anchovies are found in quantity, fishing could be continued as it has been previously. Although it is unlikely that the 1974 anchovy quota of 2 million tons was reached, total fishmeal production may have been augmented by the white anchovy catch, which is not subject to quotas or controls. Therefore, fishmeal production in 1974 may possibly have reached 1.1 million tons.

FRUIT, NUTS, AND VEGETABLES

Thai Pineapple Industry Grows

Thailand's pineapple canning industry opened two new pineapple canning plants in 1974, and during that year the industry used about 50,000 tons of fresh fruit, compared with 30,000 tons in 1973.

The outlook calls for a continued increase in production, as new plantations owned by canning companies mature. The pineapple canning industry estimates production will reach 6 million cases by 1980, which will require about 150,000 tons of fresh pineapple. By 1985, the pineapple canning industry expects production to reach 10 million cases per year, and fresh pineapple use could reach 300,000 tons.

Thailand's exports of canned pineapple were 14,010 metric tons in calendar 1973, or about 1 million cases. Exports in calendar 1974 are estimated at 1.5-2 million cases, or 22,000-28,000 metric tons. The trend since exports started in 1967 has been steadily upward. The United States is the primary market for Thai canned pineapple.

Although Thailand is a tropical country and has an almost continuous growing season, pineapple production is quite seasonal. Maximum production is achieved during March through June. Exports, consequently, are also seasonal, reaching their peak in March-September.

Canned pineapple was first exported in 1967, and a new Thai industry was developed. During 1970-74, five additional pineapple canning companies began operations, and Thailand is now an important exporter of canned pineapple and pineapple juice. The present canning capacity of the six companies is 14.6 million cases of canned pineapple per year.

Rains Hurt Dutch Onions

Excessive autumn rains have caused problems for the Dutch onion crop. Approximately 18 percent of the 27,580 acres planted during the 1974-75 season probably will not be harvested. The crop currently is estimated at 754 million pounds, down 114.6 million pounds from the September 1974 estimate, but up 15.5 million pounds from the 1973-74 crop.

Because of delays caused by the wet weather, about one-third of the 1974-75 crop, or 260.1 million pounds, was not harvested until after November 1, 1974, which is much too late. In addition, the storage quality of these late harvested onions is poor, and the storage quality of the remaining two-thirds of the crop is expected to be less than excellent.

According to trade sources, more than a normal quantity of onions will deteriorate while held in storage as the season progresses. Consequently, the Dutch market currently is flooded with onions selling for less than half the prices that prevailed at the same time in 1973-74.

By contrast, returns in the last two seasons were unusually favorable, with f.o.b. export prices averaging 10 cents per pound in 1972-73, compared with 3 cents in 1971-72. The big improvement in prices sparked a 37 percent acreage expansion in 1973-74.

Philippine Pineapple Production Reported

Philippine canned pineapple production in fiscal 1973-74 is estimated at 7.3 million (45 lb) cases of canned pineapple, 735,000 cases of single strength juice, and 588,000 cases of concentrated juice. Production for 1974-75 is forecast to approximate the 1973-74 level.

The United States is the most important market, accounting for about 60 percent of Philippine pineapple exports in 1974. The United States imported 2.4 million cases of Philippine pineapple in calendar 1973 and 2.2 million cases during the first 10 months of 1974. Other important markets were the European Community, Canada, and Japan.

GRAINS, FEEDS, PULSES, AND SEEDS

USSR Grain Crop Reported

The USSR has announced that its total grain and pulse crop for 1974 is 195.5 million metric tons, compared with the record 222.5 million tons harvested in 1973. Breakdown of the crop (in million metric tons) has been estimated at: Wheat, 88; coarse grain, 94; and miscellaneous grains and pulses, 13.5. These estimates compare with 1973 production of 110 million metric tons of wheat and 97 million of coarse grains.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, th Netherlands, compared with a week earlier and a year ago:

Item	Jan. 7	Change from previous week	A yea ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu*
Wheat:			
Canadian No. 1 CWRS-13.5	5.96	−31	6.33
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	5.88	−30	6.42
15 percent	5.99	−29	(1)
U.S. No. 2 Hard Winter:			
13.5 percent	5.72	−22	6.25
No. 3 Hard Amber Durum	7.59	−40	9.09
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.86	−18	3.42
Argentine Plate corn	4.49	−8	3.77
U.S. No. 2 sorghum	3.87	−24	3.39
Argentine-Granifero sorghum	3.99	−23	3.36
U.S. No. 3 Feed barley	3.82	−3	2.91
Soybeans:			
U.S. No. 2 Yellow	7.50	+2	6.90
EC import levies:			
Wheat	0	0	0
Corn	.07	+7	0
Sorghum	.13	+13	0

[1] Not quoted. [2] Basis c.i.f. Tilbury, England.
NOTE: Price basis 30- to 60-day delivery.

EC Ends Rice Export Levies

European Community authorities have cancelled expor levies—effective December 13, 1974—on semi- and fully milled long-grain rice to third countries. Prior to the cancella tion, the export levy on semi- and fully-milled long-grain ric amounted to 100 units of account per metric ton. At th beginning of the 1974 commercial season (Sept. 1), Italia rice available for export was estimated at 650,000-700,00 tons. At least 50 percent of this was long-grain rice.

With the good world rice supply situation, the EC actio obviously is aimed at making EC rice available for export.

Corn Prices on Downtrend

Corn prices on the c.i.f. offer market in Rotterdam trende downward during mid-December 1974, thus reversing a earlier trend. On December 19, 1974, U.S. No. 3 yellow cor was offered at $157 per metric ton; 2 weeks earlier the pric was $163. Lower prices plus continued weakness of th U.S. dollar now have made U.S. corn a better buy than E feed wheat. EC compounders and industry people purchase about 150,000 metric tons of U.S. corn during the second an third weeks of December.

EC Reports Grain Feed Usage

The European Community Commission's latest assessmer of EC grain supplies places total EC use of grain for feed i 1974-75 at slightly under 70 million metric tons. This is con sonant with the current U.S. estimate of 69.9 million tons, an below the 70 million metric tons of grain fed to livestock an poultry in 1973-74.

The Community's steadily increasing use of grain for feed has thus been interrupted. Furthermore, there has been a shift to feeding more homegrown grain, reducing net imports by almost 4 million tons.

LIVESTOCK AND PRODUCTS

U.K. Swine Disease Continues

The U.K. Ministry of Agriculture announced restrictions on the movement and slaughter of pigs in the United Kingdom, effective midnight December 12, 1974. The restrictions are necessary because swine vesicular disease outbreaks have been reported throughout the country with no apparent pattern. In the 4 weeks ending December 12, 1974, 31 new outbreaks were reported.

Since the disease was first reported in the United Kingdom 2 years ago, there have been 332 outbreaks involving the slaughter of 180,000 pigs at a cost of over $15 million.

Canada Extends Cattle Price Support Program

Canada has extended its existing cattle price support programs on slaughter cattle grading A, B, and C beyond the original August 1975 target date. In addition, a program was initiated on November 16, 1974, supporting slaughter cattle grading D, which consists primarily of slaughter cows, at Can$23.21 per hundredweight (cwt). The support price on grades A, B, and C remains at Can$45.42 per cwt, basis A_1-A_2 grades at major markets, which represents 90 percent of the 5-year base period average which has been adjusted for changes in input costs.

The reason for early announcement of the extension reportedly was to give current purchasers of feeder cattle confidence that there will be adequate markets for animals.

DAIRY AND POULTRY

New Zealand Milk Output Lags

New Zealand milk production—currently in its flush period—is 4.6 percent below output for the year before. A recovery had been expected from 1973's drought-induced low level, but evidently the condition of the milking herd has still not recovered from the drought and from later wet winter grazing conditions.

EC Raises Poultry Levies

For the eighth time since May 1, 1974, the European Community has increased poultry import levies. Effective mid-December 1974, the EC Commission increased the supplementary levies on boned poultry from zero to 28.2 cents per pound, on turkey drumsticks from 11.48 to 17.22 cents per pound, and on dried eggs from 17.22 to 22.96 cents per pound. At the same time, the supplementary levy on turkey halves was reduced from 8.61 to 2.87 cents per pound.

EC officials are reported to have stated that the supplementary levy on boned poultry was reduced to zero on October 10, 1974, with the expectation that boned poultry prices would increase, but since prices failed to go up, the supplementary levy was restored.

Traders in the EC have stated that the mid-December increases will all but eliminate sales of U.S. boned poultry and turkey parts to the EC countries.

German Poultry Prices Vary

The "chaotic" European Community turkey market during pre-Christmas and preceding periods of 1974 was undoubtedly a factor in the increased import barriers imposed by the EC against the U.S. product. German retail chains reportedly were selling old (presumably domestic) stocks at less than cost, and compensating by high markups on Polish ducks and geese. Typical 1974 pre-Christmas retail prices for turkeys in Hamburg were about 75 cents per pound, and for geese, $1.25 per pound.

EC Proposes Dry Milk Aid

The European Community Commission recently proposed a food aid donation involving 100,000 metric tons of nonfat dry milk. The dry milk—drawn from the EC's 300,000-ton intervention stockpile—would be offered to international aid organizations at about half the current world price. If approved, the proposal would cost 45 million units of account.

GENERAL

CCC Credit Changes

The line of Commodity Credit Corporation (CCC) credit for Poland has been increased $4 million for rice. The line of CCC credit for Romania has been increased $15 million for cotton.

World Food Council Formed

The World Food Council, formally established by the UN General Assembly in mid-December in New York, is scheduled to hold its first meeting before July 1, 1975. Formation of the Council was initially proposed in a resolution at the World Food Conference held in Rome, November 5-16, 1974.

Charged with the review and coordination of all food policy matters, in the areas of food production, nutrition, security, trade, and food aid, the Council, as an organ of the United Nations. will report to the General Assembly through the Economic and Social Council (ECOSOC). Its headquarters will be in Rome, and although serviced within the framework of the Food and Agriculture Organization, the Council is encouraged to seek assistance from any appropriate UN organization.

Members were nominated by ECOSOC and elected by the General Assembly. Balanced geographical representation is a consideration in election to the Council. Members include seven Latin American countries: Argentina, Colombia, Cuba, Guatemala, Mexico, Trinidad-Tobago, and Venezuela; eight Asian: Bangladesh, India, Indonesia, Iran, Iraq, Japan, Pakistan, and Sri Lanka; nine African: Chad, Egypt, Gabon, Guinea, Kenya, Libya, Mali, Togo, and Zambia; eight West European and others: Australia, Canada, France, the Federal Republic of Germany, Italy, Sweden, the United Kingdom, and the United States; and four countries with centrally planned economies: Hungary, Romania, the USSR, and Yugoslavia.

U.S. Food Sales Rising as Foreign Buying Power Expands

Continued from page 6

It offers a company the opportunity to get products and brands known. It offers experience in the market, and a chance to work out business relationships.

The classic example of a developing food market, of course, is Japan. The rise in Japanese incomes has been translated into a strong demand for better diets. As a consequence, Japanese food imports have risen dramatically. The United States alone sold $3 billion worth of farm products in 1974 . . . and $263 million of that was processed consumer-ready products, ranging from breakfast foods and baby food to soup and salad dressings. Probably 60 percent of the consumer-ready sales were to institutional outlets.

In Japan, the United States got an early start, with the first foods merchandised there. U.S. food shippers began with the hotel and restaurant trade, cultivating the opinion leaders, and worked outward from that point. One Japanese supermarket that started featuring American foods a number of years ago said that its sales of U.S. items originally went chiefly to foreigners. Today, the same products are being bought by Japanese consumers. The Kinokuniya supermarket alone features 1,700 U.S. food items, and nearly every little neighborhood grocery features at least a few U.S. items—as prestige choices. American foods have a reputation in Japan for quality and flavor, and find ready acceptance as more consumers get the incomes to afford new foods.

Currently, the Japanese eat one out of every 10 meals outside the home. Within the next 3 to 5 years, that ratio will advance to an astonishing one in five meals. This trend has boosted all restaurant sales, but Western-type restaurants have increased their business the most rapidly. Japanese food service gross sales have increased 500 percent in the past decade.

Japan is a dramatic example of the type of market potential that can emerge with an expanding economy. Perhaps it is time to look into a more serious effort to develop food service markets around the world.

This country has touched the food service markets with shows in Japan, the United Kingdom, and the Caribbean. But what about the market in Lagos, Nigeria? That is developing as an important center for African tourist trade—and the Nigerian economy itself is booming. There are 60 million Nigerians exporting millions of barrels of oil —and taking in millions of dollars worth of foreign exchange. (Nigerian reserves of foreign exchange rose by $4 billion, for a nearly eightfold increase, in the first 10 months of 1974.)

And what about Hong Kong? In addition to being a very populous and sophisticated city in its own right, it is the commercial entry point to the People's Republic of China and its vast potential.

Indonesia has more people than Japan —and may be one of the economic stars of the coming decade with its rich deposits of oil and other minerals. There are Middle Eastern countries like Iran that are building for the future, with large populations and export money to work with. All of them deserve a closer look by the food service industry—both in terms of today and for their future potential. "Getting in on the ground floor" has never been a bad idea.

To show what can happen after the groundwork has been laid, the United States recently put on a food trade promotion in Tokyo, with about 117 U.S. companies and a budget of $180,000. Partial results of that show indicate sales to date of $3.1 million, projected sales to June 30 of $13 million, with 11 new sales agents, two new joint ventures, and a new sales office established.

Market development can pay off, for everyone.

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